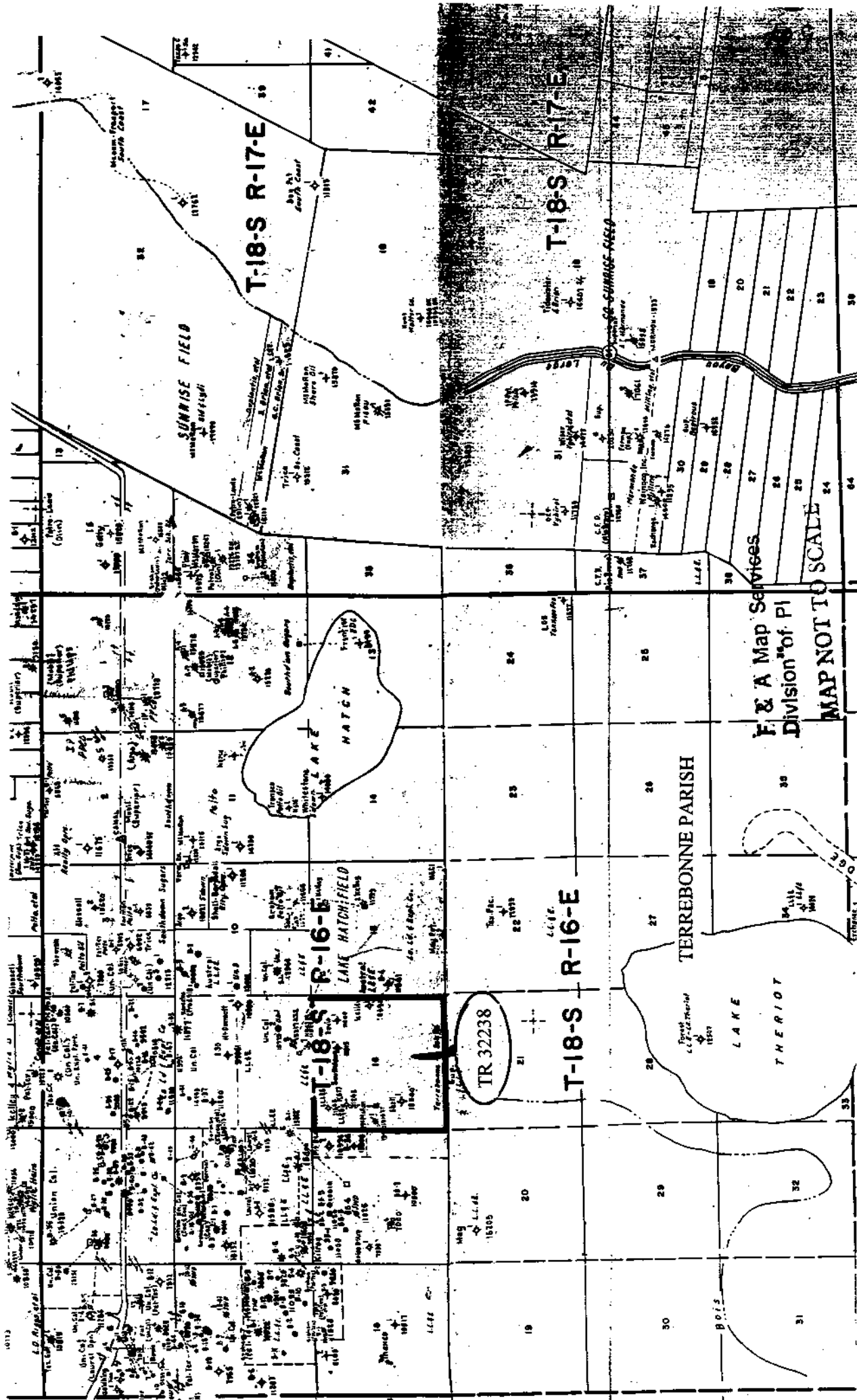


TRACT 32237 - WITHDRAWN PER APPLICANT

NOT TO BE USED WITH A PORTION BID
FOR INFORMATIONAL PURPOSES ONLY !



TRACT 32238 - STATE AGENCY - Terrebonne Parish, Louisiana

The State Mineral Board acting on behalf of the Terrebonne Parish School Board, pursuant to Resolution adopted by that body and in accordance with Louisiana Revised Statutes 30:121-136 and 151-156, as amended, and Article 12, Section 18 of the Louisiana Constitution of 1921, as amended, which by Section 16 (A) 9, and 16 (B) of Article XIV of the 1974 Constitution is continued as a statute subject to arrangement in proper statutory form or modification provided by law, advertises the following described lands not under mineral lease on: All of Section 16, Township 18 South, Range 16 East, Terrebonne Parish, Louisiana, excluding beds and bottoms of all navigable waters located in said section, containing approximately 648 acres, as shown outlined in red on a plat on file in the Office of Mineral Resources, Department of Natural Resources.

NOTE: A royalty payment less than twenty-five percent (25%) for an oil, gas and/or other liquid or gaseous hydrocarbon mineral lease for the above mentioned parcel of land will not be acceptable to the Terrebonne Parish School Board.

NOTE: Paragraph 8 of the State Lease form used by the Terrebonne Parish School Board, to Lease oil, gas and other mineral rights be amended to include the following provisions: "The failure of the Lessee to submit to the Lessor(s), at the office of the Terrebonne Parish School Board, for approval, the document intended to transfer, sublease, or assign any right or obligation of the Lessee under this lease, within sixty (60) days after the effective date of any such transfer, sublease or assignment, shall subject the Lessee to pay to the Lessor(s) any damages the Lessor(s) may suffer, but in no event shall such damages be deemed to be less than \$100.00 per day for each day the Lessee fails to submit any such document to the Lessor(s) for approval."

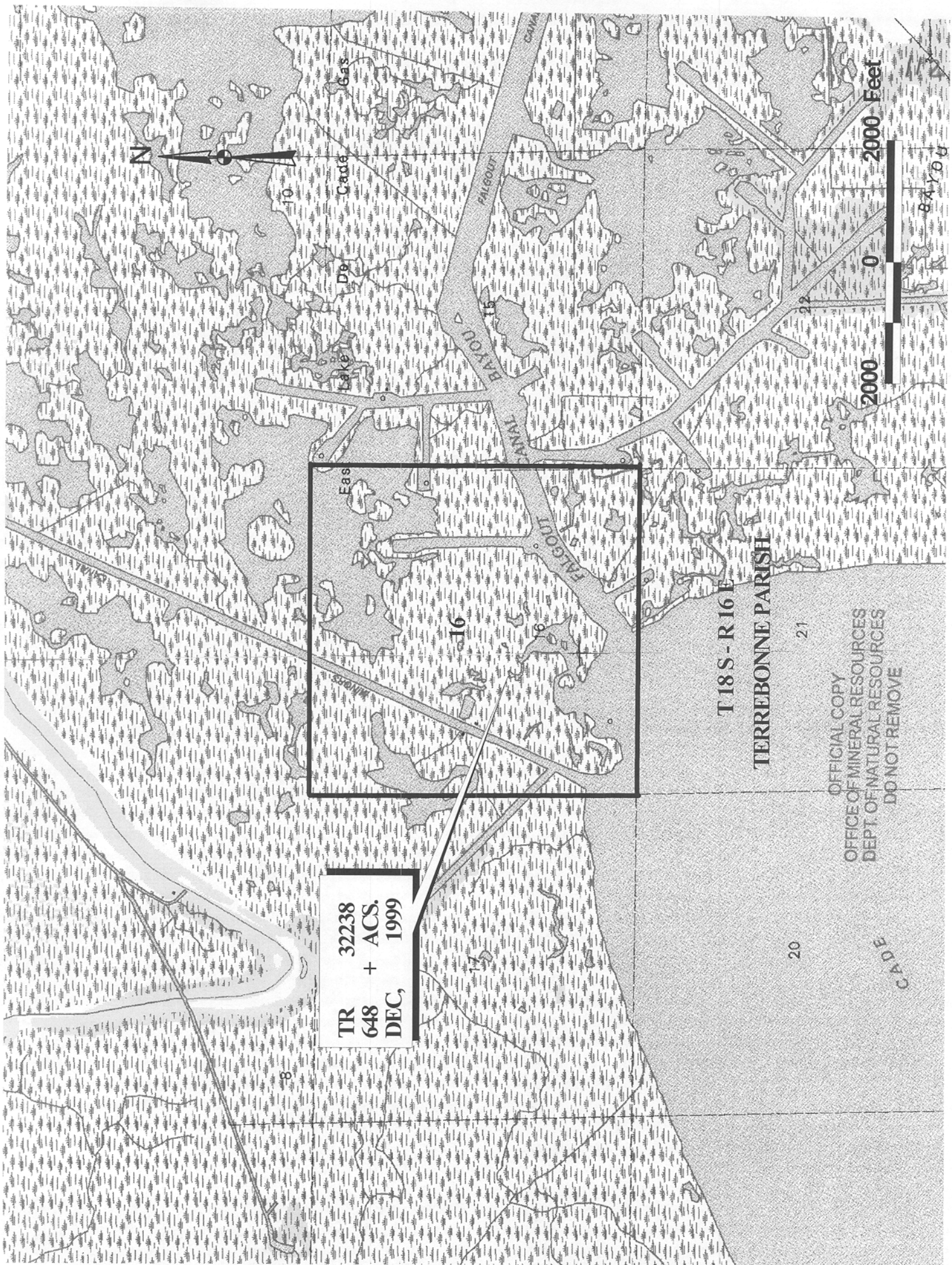
NOTE: The lease shall contain a Favored Nations Clause as follows: It is understood and agreed that if Lessee(s) or its successor or assigns enters into and consummates an agreement to acquire, and does acquire, the oil and gas rights from owners or holders of a mineral interest in land exceeding ten (10) contiguous acres in area and located within one (1) mile of the external boundaries of this Lease during a period of time commencing 180 days prior to the date of this lease and ending (a) ninety (90) days after the completion of a producing well on the leased premises or within one mile of the external boundary of the leased premises, or (b) the end of the primary term, whichever occurs first (hereinafter "Third Party Lease"), then it is agreed that Lessor(s) herein shall be entitled to the same bonus, and/or rental and/or royalty as is paid to any other mineral owner under a Third Party Lease which is higher than the bonus, and/or rental and/or royalty (each to be compared individually and not collectively) paid or to be paid to the Lessor(s) in accordance with those terms contained in this Lease. It is the intent of this Favored Nations Clause to ensure and require that Lessor(s) receives a bonus and/or rental and/or royalty that is commensurate with the highest of any bonus, rental or royalty which is paid by Lessee or its successors under any Third Party Lease, irrespective of whether some or all of said terms of the Third Party Lease may be less favorable than those provided in the Lease. Rather, Lessor(s) may obtain the benefit of some or all of those

terms under the Third Party Lease which Lessor(s), at its sole discretion, deems more favorable.

Within sixty (60) days of acquiring a Third Party Lease, Lessee shall notify Lessor(s) in writing of each such lease and the terms thereof. At the option of Lessor(s), Lessee shall have thirty (30) days after receipt of such notice within which to execute a lease amendment, retroactive to the date of this Lease, in which Lessor(s) and Lessee agree to any higher bonus and/or rental and/or royalty contained in a Third Party Lease. Lessee agrees to pay Lessor(s) any higher bonus and/or rental and/or royalty contained in a Third Party Lease. Lessee agrees to pay Lessor(s) any higher bonus and/or rental and/or royalty, retroactive to the date of this Lease, within thirty (30) days after the execution of the lease amendment, but in no event later than 45 days after Lessor(s) receipt of Lessee's notice of the Third Party Lease.

Applicant: Kelley Oil Corporation to Agency and by Resolution of the Terrebonne Parish School Board authorizing the Mineral Board to act in its behalf.

Bidder	Cash Payment	Price / Acre	Rental	Oil	Gas	Other



TR 32238
648 + ACS,
DEC, 1999

T 18 S - R 16 E
TERREBONNE PARISH

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DEPT. OF NATURAL RESOURCES
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